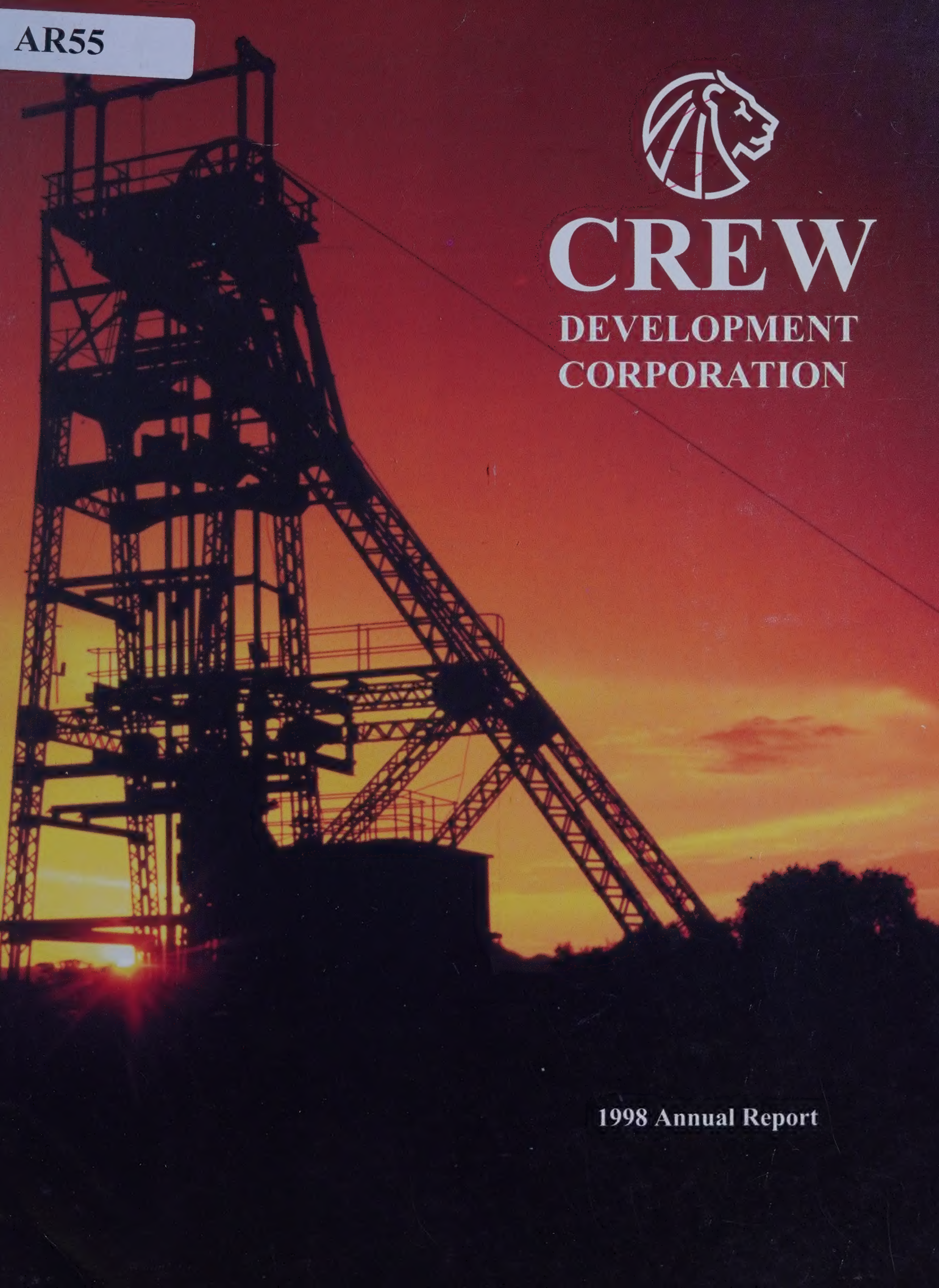

CREW
DEVELOPMENT CORPORATION

1998 Annual Report

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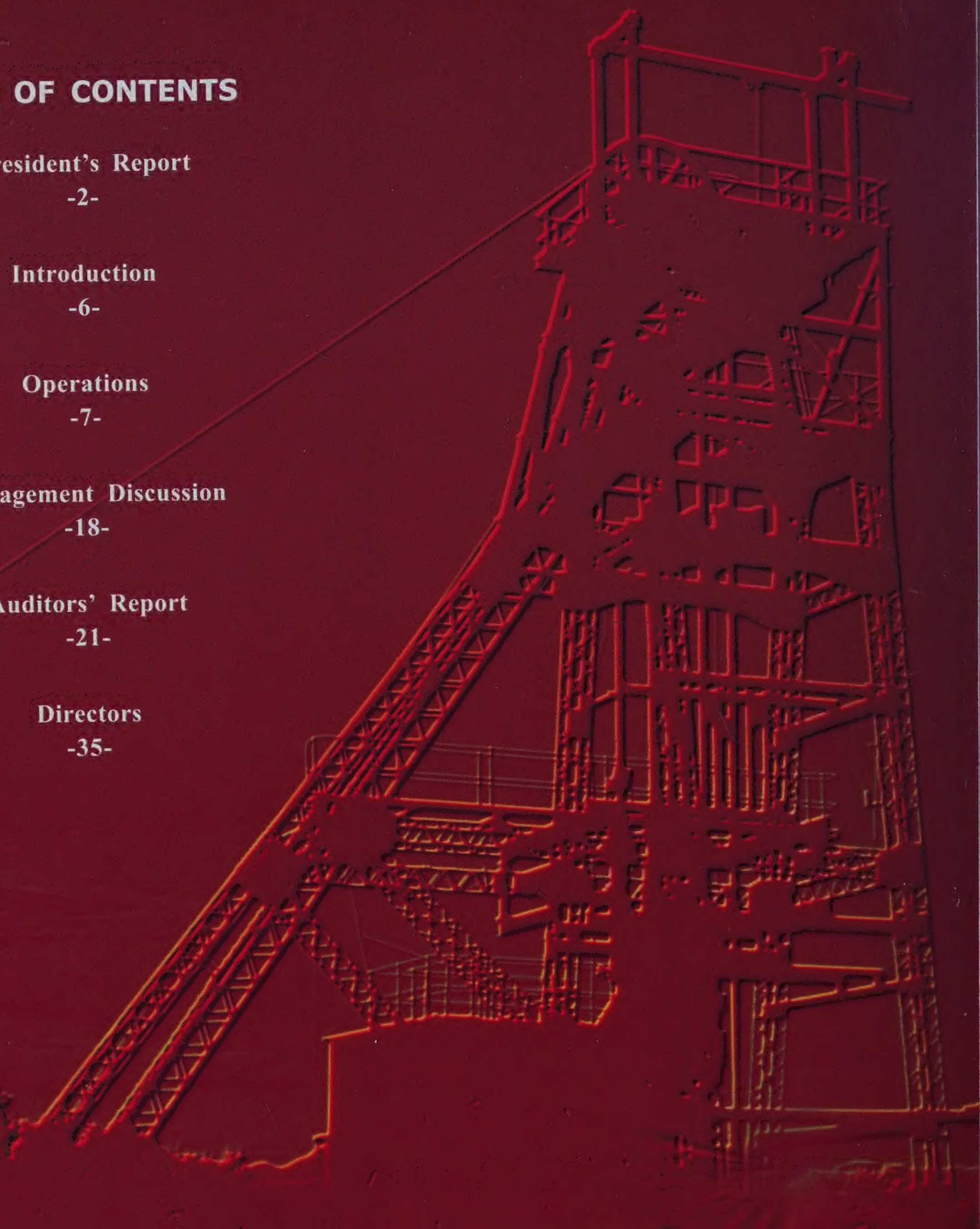

Cover - Maranda Mines

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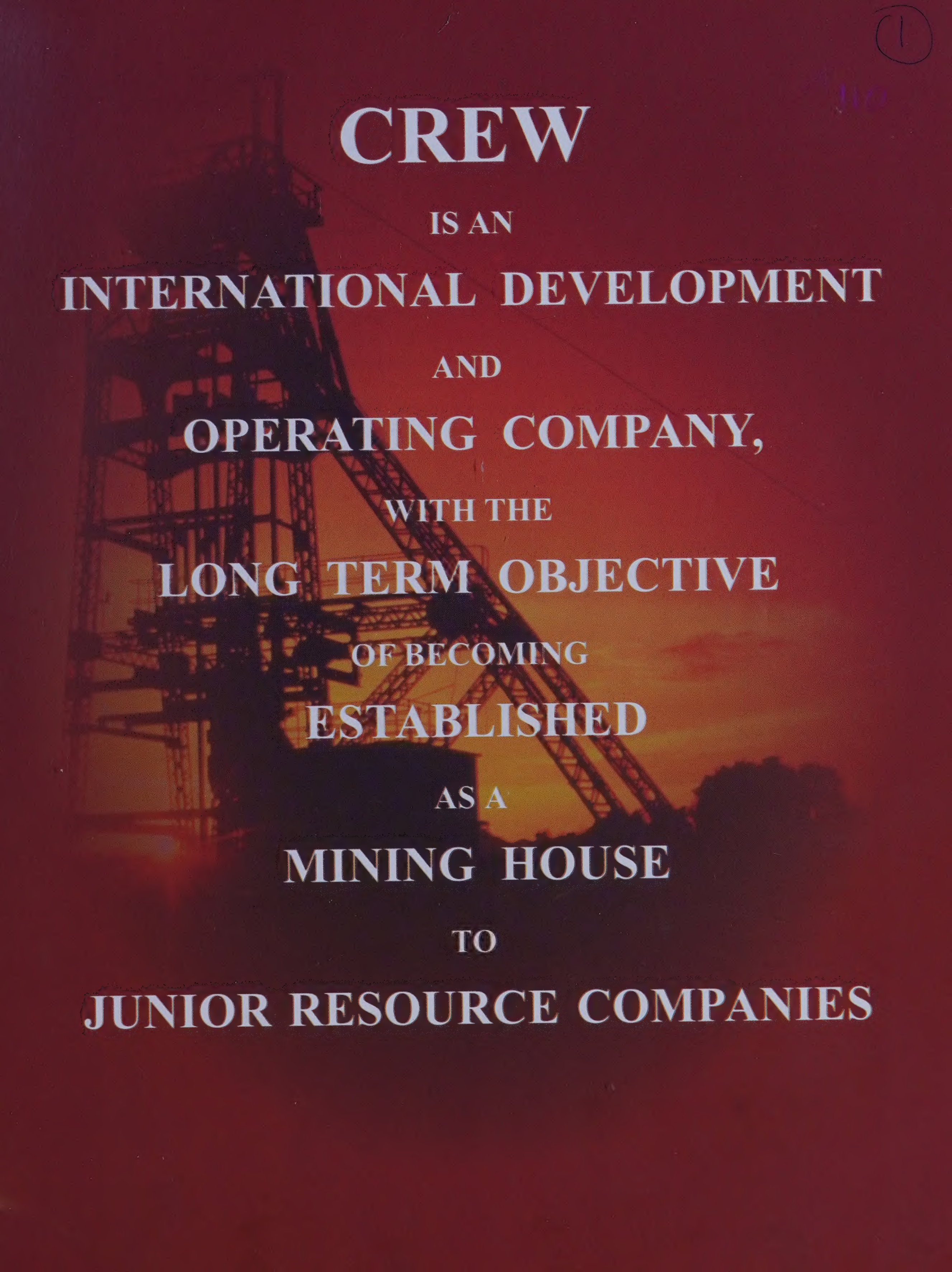

CREW
IS AN
INTERNATIONAL DEVELOPMENT
AND
OPERATING COMPANY,
WITH THE
LONG TERM OBJECTIVE
OF BECOMING
ESTABLISHED
AS A
MINING HOUSE
TO
JUNIOR RESOURCE COMPANIES

Since the year end, your company has continued in the acquisition mode and through Metorex, its now firmly established operating arm in southern Africa, has acquired an 81.47% interest in the O'okiep Copper Company, which comprises a copper mine and smelter situated in the North Western Cape Province of South Africa. The mine, which has been in operation for 60 years, produces approximately 15,000 tonnes of copper per annum and has 700 employees, while the smelter has a capacity of approximately 35,000 tonnes. The current mine reserves will support an approximate four year mine life, however, the company owns 150,000 hectares of mineral rights, the exploration of which could well result in an extension to the mine life.

Romotoshidi head rig

In addition to the above acquisitions, numerous exploration projects have been evaluated. The solid operating base now established will enable Crew to identify, evaluate and where appropriate, acquire exploration and development projects worldwide.

At a time when so many contemporary companies' activities have been devastated by weak metal prices and turmoil in the world financial markets, the Group overall has been able to achieve sustained growth through acquisitions, and profitability by improved operating efficiencies. Over the past 16 months, Group annual sales have risen from R180 million to R550 million (C$137 million), with the employee complement increasing from 1,800 to 3,500, an achievement in which we take justifiable pride.

As a result of these current market conditions, the company believes that significant opportunities will become available over the next 12 months for aggressive and profitable growth.

While the company intends to pursue continued profitable growth in southern Africa, in conjunction with Metorex, it also intends to pursue new opportunities in other parts of the world, to obtain greater diversification. Ideally, the "Metorex model" will be duplicated in other locations, whereby a strategic investment is made in a profitable, successful, locally based, operational team, which, in combination with Crew's skills, will give a strong springboard for future growth.

Our achievements to date have only been made possible by the commitment and loyalty of our employees, the persistence and dedication of our directors and officers and of course, the ongoing confidence and support of yourselves, our valued shareholders.

I thank each and every one of you and we look forward, with eager anticipation, to the exciting opportunities ahead.

John M. Darch
President
November 1998

CREW
Projects

1. Maranda Mines
2. Consolidated Murchison
3. Leeuwfontein
4. Side Minerals
5. Metmin
6. Chibuluma
7. O'okiep

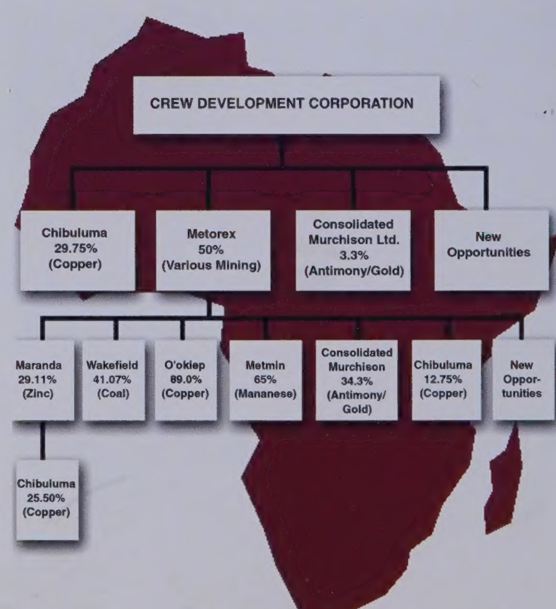
OBJECTIVES

CREW DEVELOPMENT CORPORATION is an international development and operating company, with the long term objective of becoming established as a mining house to junior resource companies.

Through the reputation and contacts of both the existing Metorex team and Crew management, the "new Metorex" intends to participate at the early stages of natural resource projects throughout southern Africa.

Value will be added prior to bringing other equity partners into the project, or to taking the project public.

As of December, 1998, the Company's investments in southern Africa were as follows:



INTRODUCTION

CREW DEVELOPMENT CORPORATION ("CREW") is an international development and operating company, with the long term objective of becoming established as a mining house to junior resource companies.

Crew seeks to achieve outstanding capital growth through strategic investment in profitable resource ventures by participation in the early stage of development of natural resource projects, when premium returns are most often achieved, and by securing strategic positions in established profitable mining operations.

In the period March, 1997 to June, 1998, Crew has taken major steps in this regard. First, the company was restructured and refinanced, by way of private placements totaling C$28 million. Secondly, the company has made several strategic investments in southern Africa, a region of vast underdeveloped natural resources.

In March, 1997 a significant investment of C$15.5 million acquired a 50% interest in Metorex (Pty) Ltd., a profitable, independent, junior mining company based in Johannesburg, South Africa, which is now the operating arm of Crew throughout southern Africa. Metorex operates and holds significant equity stakes in several mines, all of which remain profitable despite current mineral prices. All the senior management of the Metorex Group have remained in place in order to jointly develop the interests of Crew and Metorex in southern Africa.

This strategic investment in Metorex was critical for both companies. For Crew, it brought instant access to a highly skilled technical and operating team, with a base of diversified, profitable, operations, and the contacts to develop new opportunities throughout southern Africa. In the case of Metorex, it brought the international and financial expertise of Crew and removed their historical constraint on significant growth – being access to capital. As a result, a powerful emerging mining group has been created, focussing on taking advantage of the immense opportunities arising in southern Africa, resulting from the political and economic changes occurring throughout the region.

Shortly after the creation of the "new Metorex", Crew and Metorex acquired a significant holding in Consolidated Murchison Ltd., a publicly traded South African producer of antimony and gold, and a controlling interest in the Chibuluma copper project in Zambia. The Chibuluma copper project was acquired as part of the privatization of Zambian Consolidated Copper Mines Limited, and comprises Chibuluma West, an existing operating mine, and a drill-proven ore reserve, Chibuluma South, located 12 kilometers distant. Crew has an approximate 40% overall interest in the project.

Subsequent to year end (October 1998), Metorex also acquired an 81% interest in the O'okiep Copper Company, which comprises a copper mine and smelter in South Africa. The mine has a 3 to 4 year life and owns 150,000 hectares of prospective mineral rights.

Also during the year, rationalization of Metorex's complex operating structure was commenced, with the ultimate medium-term view that the Metorex operations be listed by way of a public vehicle. Effective July 1, 1998, the coal operations were rationalized by consolidating the two operating companies and by converting royalty and third party loans payable into equity positions. This rationalization enhanced Metorex's entitlement to cashflow, and improved the ability to make further acquisitions.

METOREX

(50% owned by Crew)

"Creating wealth for shareholders by developing junior mineral projects"

Metorex is a profitable, independent, junior mining company, established in 1975, based in Johannesburg, South Africa. Effective March 1, 1997, Crew acquired a 50% interest in Metorex, the pre-eminent junior mining company in southern Africa, for cash proceeds of R50 million (approximately C$15.5 million). The acquisition took place by way of a purchase of existing shares in the amount of approximately R15 million and the purchase of treasury shares and introduction of shareholder loans in the approximate amount of R35 million. This provided Metorex with a strong treasury of approximately R35 million (C$11 million) to fund exploration, development and acquisition opportunities.

Metorex manages each operation on a decentralized profit centre basis. Accordingly, each operation has its own management team with Metorex providing strategic direction, for which it earns management fees.

Metorex is the operating arm of Crew in southern Africa, and represents an ideal investment for Crew and its shareholders, for the following reasons:

1. ***Outstanding growth opportunity***
   Metorex already has a good, solid base of operations. In addition, the strengths of the existing Metorex team, being primarily their operating and technical skills, proven management, reputation and contacts, together with the entrepreneurial and financing skills of Crew, provide the "new Metorex" with a springboard for aggressive, strategic growth. This has already been clearly demonstrated, with the investments in Chibuluma, Consolidated Murchison and O'okiep.

2. ***Opportunity for early participation in quality projects***
   Through the reputation and contacts of both the existing Metorex team and Crew management, the new company has the ability to participate at the early stages of natural resource projects throughout southern Africa. Value will be added prior to bringing other equity partners into the project, or to taking the project public. This approach will be followed not only for individual projects, but also for Metorex itself.

3. ***Regional focus***
   Crew believes that southern Africa holds immense opportunities for junior mining companies over the next five years. The Company is well positioned to take advantage of the positive political, economic and infrastructural changes that are occurring throughout the region. Experience has repeatedly demonstrated that, to be successful internationally, organizations must have a strong and committed local representation.

4. ***Diversification***
   Through this investment in one company, Crew has attained geographic, political and commodity diversification.

5. ***Immediate cashflows***
   Given Metorex's profitable operating base, Crew has immediate positive cashflows, which will then be reinvested in new opportunities.

"Metorex is the operator of several profitable mines, holding equity stakes ranging from 28% to 81%"

Chibuluma West

"Metorex's expertise ranges across the broad spectrum of the mining industry"

Background of Metorex

- A strong "hands on" management and technical team, which have remained in place.
- All significant operations remain profitable, despite current depressed mineral prices.
- Diversified operating base, presently mining copper, zinc, coal, gold, antimony and manganese dioxide.
- Operators of several mines, in which they hold equity positions of up to 81%, producing sales in excess of R550 million (C$137 million) per annum and employing approximately 3,500 people. Two of these investments are presently publicly traded. Other investments will be listed when appropriate.
- To date, Metorex have specialized in identifying, turning to account and managing mineral deposits (primarily gold, coal and base minerals). They have had a meaningful involvement in 36 projects in southern Africa over 22 years, and a history of partnerships with major mining houses.
- Their expertise ranges across the broad spectrum of the mining industry, from prospect development, operations management and financing to mine closure.
- Excellent business reputation and knowledge of project opportunities throughout southern Africa. Until now, have been restricted by the availability of funds to fully participate in new opportunities.

CHIBULUMA

(29.75% owned by Crew; 12.75% by Metorex, 25.5% by Maranda)

Copper

Effective October 1, 1997, a consortium (Crew being the largest participant) purchased from Zambian Consolidated Copper Mines Ltd. ("ZCCM") an 85% interest in the Chibuluma copper/cobalt project.

The consortium was awarded the Chibuluma project as part of the privatization of ZCCM by the Zambian government, which retained a 15% carried interest in the project. Metorex was appointed the operator of the project.

The Company has a total, direct and indirect, interest in the Chibuluma project of approximately 40%.

The Chibuluma project comprises Chibuluma West, an existing operating mine, and Chibuluma South, which has a drill-proven ore reserve and is located 12 kilometers distant from Chibuluma West. Consideration for the 85% interest was a cash payment of US$17,500,000, an agreed portion of the net profits derived from cobalt production, and a financial commitment of up to US$34 million over five years to develop the Chibuluma South orebody.

The project acquisition cost of US$17.5 million, together with initial working capital, has been funded 100% by equity contributions from the consortium members. The Company's direct contributions to date total CDN$9.8 million.

Chibuluma West

Chibuluma West

Chibuluma West

"Capital infusion and management expertise has restored mine to optimal production levels"

Chibuluma West

"Chibuluma West, profitable despite extremely low copper prices"

Revenues are receivable in US Dollars, with a significant portion of the costs being payable in Zambian currency.

The company holds mining licences for both Chibuluma West and Chibuluma South, granted in October, 1997, for a period of 25 years.

As at June 30, 1998, mineral reserves were as follows:

Chibuluma West

	Tonnes	% Copper	% Cobalt
Reserves	789,850	3.64	0.14
Resources	925,000	5.33	0.11

Chibuluma South

Reserves-Sulphide Ore	6,000,000	4.35	N/A
Reserves-Oxide Ore	2,400,000	3.00	N/A

Chibuluma West

Chibuluma West is situated 12 kilometres west of the main Copperbelt town of Kitwe and the Nkana smelting/refinery complex. The mine produces approximately 8,000 tonnes of copper metal and 150 tonnes of cobalt per annum. It was developed in the 1950's and has historically been one of the higher grade and lower cost producers within ZCCM. The mine has historically operated at a production scale of approximately 35,000 tonnes per month. The ore is transported by rail to the Nkana Division of ZCCM where the copper and cobalt are concentrated, smelted and refined, and thereafter sold under marketing contracts.

Since the acquisition date, activities have centered around extending the ore reserve and improving the profitability of the mine. At October 1, 1997, the date of acquisition, Chibuluma West had a significant development backlog, as a result of which production levels and operating costs were negatively impacted during the turn-around phase, resulting in operating losses. By year end, the backlog had largely been overcome and profitability had been restored, despite current low mineral prices.

During the fiscal year, exploration of the Chibuluma West ore body below the existing mine level identified an additional resource of 925,000 tonnes grading 5.33% copper and 0.11% cobalt. Construction of an incline shaft has commenced to exploit this resource, which will extend the mine life by over 2 years. This capital project is expected to continue for 24 months at a cost of US$1.2 million, for which a debt financing facility is in place.

Management estimates that Chibuluma West, which employs approximately 950 people, has a remaining mine life of approximately 4 years, based on presently known reserves. Potential exists to extend this mine life by further exploration.

Chibuluma South

Chibuluma South is a drill proven mineable sulphide ore reserve of 6 million tonnes grading 4.35% copper, with additional oxide ore reserves of some 2,400,000 tonnes, grading in excess of 3% copper. This ore body has been defined by extensive drilling, sampling and geotechnical programs, and is anticipated to be easily mineable and to present few difficulties with concentrating, smelting, refining and marketing.

"Bankable Feasibility Study confirms economic and technical viability"

Chibuluma South

Development of the Chibuluma South mine is proceeding on schedule, with the objective of reaching production in approximately three years. During the fiscal year, a feasibility study on the development of the 6 million tonne sulphide ore reserve was finalized, which confirmed the size of the deposit and the viability of the project.

Independent specialist consultants were contracted to assist the company with the geohydrological survey, ore reserve determination, environmental impact assessment and shaft and mine design. All work has confirmed the viability of the project.

Limited on-site capital expenditure has commenced, with the expectation that shaft sinking will commence in early 1999. Total capital costs are projected to approximate US$34 million.

Funding is envisaged by way of a debt facility, reinvestment of profits generated by the existing Chibuluma West mine and, if necessary, additional equity contributions. Negotiations are at an advanced stage with a number of financial institutions to provide debt facilities of up to US$20 million in conjunction with this development. The mine will be engineered to operate at 40,000 tonnes of ore per month, producing some 16,500 tonnes of copper metal per annum over an 11 to 12 year estimated mine life.

The Chibuluma South mine will be brought into production prior to the closure of Chibuluma West, thereby enabling continuity of employment and optimal use of the assets and infrastructure of Chibuluma West.

CONSOLIDATED MURCHISON

(3.3% owned by Crew; 34.3% by Metorex)

Antimony and Gold

Effective July 1, 1997, the Company acquired a 3.3% interest, and Metorex acquired a 24.7% interest, in Consolidated Murchison Limited ("CML"), a South African company engaged in the production of antimony and gold. CML is a public company whose shares are listed on the Johannesburg Stock Exchange and the London Stock Exchange. As part of the acquisition, Metorex acquired the Management Agreement for CML, and were appointed as operators.

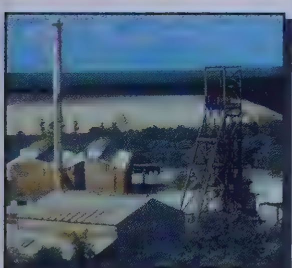
CML, which has been in operation for over 60 years, operates in the Murchison Range area in the Northern Province of South Africa, where it holds mineral rights over 24,000 highly prospective hectares of land. It is the primary producer of antimony in South Africa, producing approximately 7,000 tonnes per annum, being approximately 8% of the world's total production. Approximately 32,000 ounces per annum of gold is recovered as a by-product. Gold bearing stibnite ore is mined from depths down to 1,000 meters and treated by flotation and pressure leaching to produce low arsenic antimony concentrates and gold bullion.

The concentrates are converted in an adjacent plant to antimony trioxide for export. Slag from the process is leached to recover residual gold. There are approximately 1,100 employees at the mine.

"Operating costs reduced by 22%"

Grades are approximately 1.3% antimony and 2.2 grams per tonne of gold. Throughout the mine life, CML has been able to maintain an ore reserve sufficient for 6 to 7 years of production, by way of underground exploration at existing shafts together with surface exploration for new deposits.

Host rocks of the Murchison Range are greenstones that occur as a belt some 8 to 10 kilometers wide that outcrop over a distance of some 60 kilometers. CML holds mining rights to in excess of 50 kilometers of the greenstone belt along the so called "Antimony Line".



Consolidated Murchison

Shafts have historically been sunk by CML at sites along the Antimony Line where the stibnite mineralization actually outcropped to surface. Although the intervening ground has been explored in the past, there is a strong possibility that "blind" orebodies, so far undiscovered, exist scattered along the trend.

As a result, a prospect inventory was completed during the year, which identified 85 prospects, of which 48 are mineralized gold prospects and 14 antimony/gold prospects. CML is presently in the process of assessing how best to exploit these prospects, which hold significant potential to extend the mine life further.

"Profitable despite 40 year low in antimony price"

Although CML has enjoyed profitability for most of its life, it had incurred a series of significant operational losses prior to the date of acquisition, partly as a result of lower gold and antimony prices coupled with lower than average mining grades. Notwithstanding a further drop in gold and antimony prices since July, CML has already been returned to profitability through a combination of changes in operating philosophy and reductions in operating and overhead costs. This represents an immense achievement in such a short time, especially given current metal prices.

During the twelve months ended June 30, 1998, CML issued 1.2 million new ordinary shares to Metorex as compensation for a reduction in annual management fees. As a result, Metorex's interest in CML as at June 30, 1998 was increased to 34.3%, resulting in costs savings to CML of approximately R6 million (CDN$1.5 million) per annum, and giving Crew a total (direct and indirect) interest of 20.5% in CML.

Revenues are denominated in US Dollars, while virtually all costs are payable in South African Rand.

Should antimony prices increase to more realistic levels, this investment promises to be very profitable.

MARANDA MINES

(29.11% owned by Metorex)

Zinc and Copper

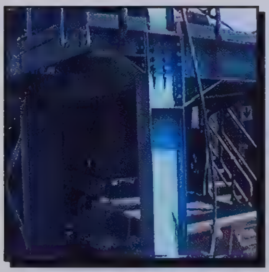
Maranda Mines Ltd. ("Maranda") is a very profitable junior mining company, trading on the Johannesburg Stock Exchange, which operates a zinc/copper mine in the Murchison Range, Northern Province of South Africa. The mine was designed, financed and continues to be operated under the management of Metorex, which has a 29.11% ownership interest. Maranda was a part of the successful consortium which acquired the Chibuluma mine in Zambia, and has a 25.5% direct interest therein.

Maranda has been in production since 1992 and produces zinc and copper concentrates, which are sold to Zincor Ltd. and O'okiep Copper Company, respectively. Annual

"Rich head grades approximating 17% zinc and 2% copper"

production approximates 13,000 tonnes of zinc and 1,600 tonnes of copper, thereby accounting for approximately 15% of South African annual zinc output. The mine has a staff of 400 employees and has been profitable since mining operations commenced.

Head grades are excellent, approximating 17% zinc and 2% copper. As at June 30, 1998, the mine contained ore reserves sufficient for a further 7 years of production and continues, by way of underground exploration at existing shafts together with surface exploration for new deposits, to attempt to add to these reserves. The potential to expand the mine life is excellent as the company controls mining rights over some 80% of the strike length of the copper/zinc line in the Murchison range.



Maranda Mines press

At present, production is from two ore bodies, Maranda and Romotshidi, some 8 kilometers apart. Capital expenditures of approximately R5.5 million ($1.4 million) were incurred during fiscal 1998, primarily to develop a third ore body, LCZ. Capital expenditures of a similar magnitude will be incurred in fiscal 1999 to bring LCZ into production early in calendar 1999. All three orebodies lie on the copper/zinc line described above. Exploration directed towards expanding the existing orebodies or to find further massive sulphide lenses on the zinc/copper line continued during the year.

"Good potential to extend mine life"

Production during fiscal 1998 totalled some 84,000 tonnes, grading 17.5% zinc and 2.2% copper. Production is expected to increase by approximately 10% during fiscal 1999, as a result of bringing the new LCZ shaft into production, at similar grades. Zinc and copper concentrates are produced using a concentrator, located at the Maranda minesite.

Annual concentrate production is approximately 24,000 tonnes of zinc and 6000 tonnes of copper.

Revenues are denominated in US Dollars, while virtually all costs are payable in South African Rand.

WAKEFIELD INVESTMENTS

(41.07% owned by Metorex)

Coal Division

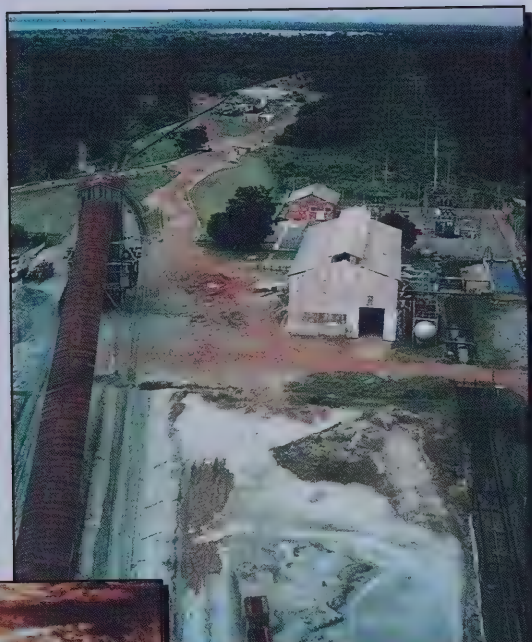
For the sixteen month period ended June 30, 1998, Metorex had a 57% ownership of Leeuwfontein Mines and a 40% ownership of Side Minerals, being coal operations adjacent to each other.

Effective July 1, 1998, the coal division (comprising Leeuwfontein and Side Minerals) was reorganized, as follows:

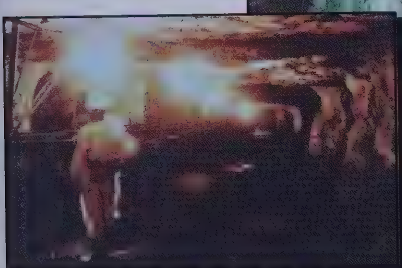
- A royalty entitlement in respect to the Leeuwfontein mine was converted into an equity holding in that company;
- Third party loans payable by Side Minerals were converted into an equity holding in that company; and
- The ownership of Leeuwfontein and Side Minerals was restructured so that a holding company (Wakefield Investments) now owns 100% of each of Leeuwfontein and Side Minerals, and the previous owners of Leeuwfontien and Side Minerals now hold shares directly in Wakefield.

As a result, as of July 1, 1998, Metorex ownership of Wakefield is 41.07%.

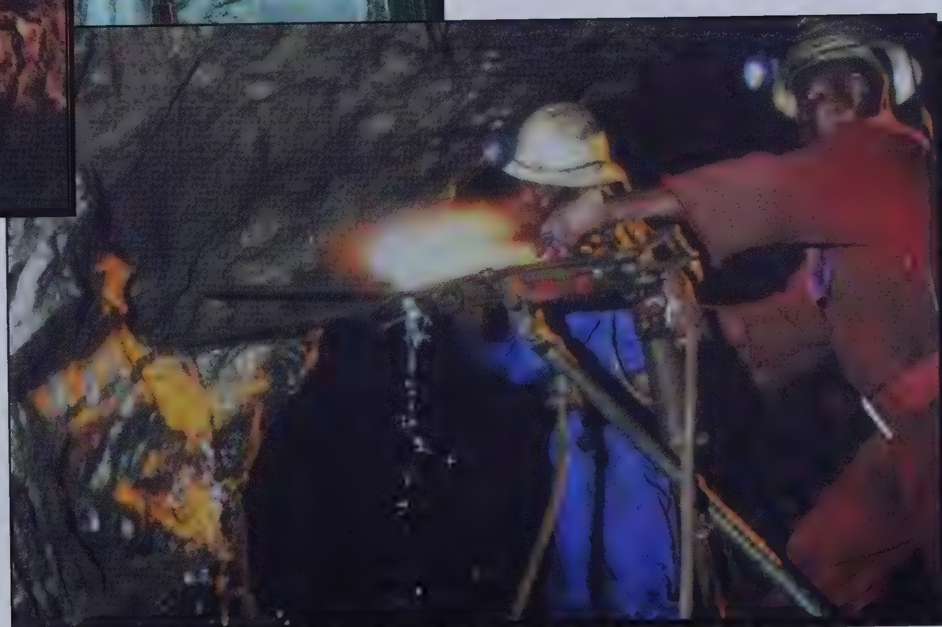
This rationalization enhanced Metorex's entitlement to cashflow and improved the ability to make further acquisitions.



Chibuluma West

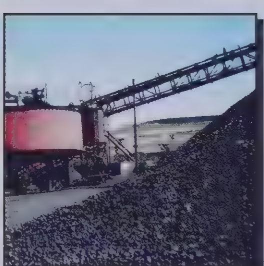


Side underground section



Underground drilling at Maranda

"Consolidation of coal operations improves profitability"



Leeuwfontein mine

Leeuwfontein Mines

Leeuwfontein mines coal from two mines in the Kendal area, approximately 100 kilometers east of Johannesburg, South Africa, in the Witbank coalfield. The mines are within a few kilometers of each other and produce a similar quality bituminous coal, supplied primarily to the local industrial market, the regional domestic market and, to a limited extent, the export market. Metorex is the operator of the mines.

The Bankfontein opencast mine was acquired and brought into production as a greenfields project in 1995. Coal is mined by a contractor and is washed in a cyclone plant, to ensure that ash content remains below 15% and sulphur at 0.6%. Production averages 660,000 tonnes per annum, yielding approximately 450,000 tonnes of washed product. The estimated life of the mine is approximately 4 years.

The Leeuwfontein underground mine was acquired as a going concern in 1993, where the No. 2 Seam steam coal has been mined at a rate of approximately 820,000 tonnes per annum since 1985. After washing, saleable tonnes produced average approximately 500,000 tonnes per annum. The production is primarily sold to the domestic industrial market with occasional export sales. The colliery employs 300 staff and has an estimated life of approximately 6 years. No significant capital expenditures are anticipated for fiscal 1999.

During fiscal 1998, an additional coal reserve was acquired in consideration of a royalty payment of Rand 1 (R) ($0.25) per tonne mined from those reserves.

Side Minerals

Side Minerals was acquired in 1995 to develop and optimize the benefits of synergy with the nearby Leeuwfontein Colliery. Side Minerals' major assets are a coal reserve that will sustain mining operations for more than 10 years, and a coal washing plant with a capacity of 100,000 tonnes/month.

Financial, engineering, technical services and marketing skills are shared with Leeuwfontein. The colliery employs 250 staff.

Side Minerals has both an opencast and underground operation. The opencast mine is mined by a contractor, with production approximating 340,000 tonnes in fiscal 1998. The underground production amounted to 470,000 tonnes in fiscal 1998. Total tonnes mined in fiscal 1998 were 810,000 tonnes, which, after washing, yielded approximately 500,000 sales tonnes, which were sold to the local industrial and domestic markets. Subsequent to year end, the current underground section has been mined out and closed.

Given that the international coal market has softened, in terms of prices, in recent months, it has been decided to operate the Lakeside colliery as an opencast operation only from September, 1998 onwards, until such time as the coal market improves. Production from the opencast section will be increased to approximately 70,000 tonnes per month during that time. Thereafter, a new underground section will be mined.

"Metmin - steady contributor to group income"

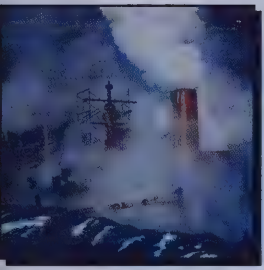
METMIN

(65% owned by Metorex)

Manganese

The opencast manganese operation is a long-term producer of oxidant for the extraction of uranium. Low-grade manganese dioxide has been produced for over 40 years, and demand peaked at 33,000 tonnes per month in the early 1980's. Output is concentrated at the Ryedale mine in the North West Province of South Africa and current demand is steady at a rate of 4,000 tonnes of concentrate per month.

This is a small but steady contributor to Group income with the potential to expand to meet increased demand in the uranium field or to diversify into synergistic mining operations.



South Meager

O'OKIEP

(81.47% owned by Metorex)

Copper

On October 7, 1998, Metorex acquired an 81.47% interest in the O'okiep Copper Company ("OCC") for a cash consideration of R28,175,000 (C$7,200,000). OCC comprises a copper mine and a smelter situated in the North Western Cape Province of South Africa.

"O'okiep - Profitable copper mine and smelter"

"O'okiep - Acquisition funded out of cash on hand"

This acquisition was funded using cash on hand, and resulted in no dilution to the existing shareholders of Crew or Metorex. The acquisition, which followed an international tender process, is subject to certain conditions precedent, which are expected to be met during November 1998, and is effective from July 1, 1998.

The mine has 700 employees and annually produces approximately 15,000 tonnes of copper from the Nigramoep mine. The smelter has a capacity of approximately 35,000 tonnes of copper metal and requires 40,000 to 50,000 tonnes of toll or custom smelting concentrate to be procured by OCC during the year.

Current mine reserves will support a three to four year mine life. However, the company owns 150,000 hectares of mineral rights, the exploration of which could well result in an extension thereto.

The principal condition precedent is the receipt by OCC of R82.5 million cash, representing the purchase consideration payable by Anglo American Corporation of South Africa Limited for OCC's 27.5% interest in Gamsberg Zinc Corporation Limited. Following this receipt, and the funding of the projected rehabilitation and retrenchment liabilities at the end of the mine life, OCC will be in a significant cash positive position.

Under the terms of the acquisition agreement, Metorex shall make an offer to the minority shareholders of OCC which, if taken up in full, will require the cash outlay of a further R6.4 million, which will give Metorex 100% ownership, if fully accepted.

OCC remains profitable at current copper prices and is expected to make a significant contribution to Metorex's cashflows for the forthcoming year.

SOUTH MEAGER GEOTHERMAL PROJECT

(43% owned by Crew)

Pacific GeoPower, a joint venture between Crew Development Corporation and Guy F. Atkinson Holdings Limited, was established to develop the South Meager Geothermal Project as Canada's first geothermal power project.

"South Meager offers the potential for 260 megawatts of clean renewable power when a more favorable market exists for independent power producers"

South Meager - tricore drilling bit

Geothermal power is a clean, renewable and generally sustainable energy source derived from the earth's natural heat energy. It is produced in areas where underground water comes sufficiently close to hot molten rock which heats the water to temperatures of 400° Fahrenheit or more. This heated water circulates into fractures near the earth's surface. The energy necessary to operate a geothermal power plant is obtained by drilling into these fractures and extracting the heated water, which will flash into steam to drive turbines for electrical generation.

Geothermal energy is most prevalent where the different sections or tectonic plates of the earth's crust meet. Many geothermal resources are found on the Pacific Ring of Fire, which includes the West Coast of North America, Latin America, Hawaii, Indonesia, the Philippines, Malaysia and New Zealand.

The project is located approximately 150 kilometres north of Vancouver, British Columbia, the province's major electrical load centre.

It is believed that the resource has significant developable potential, although further exploration and development is required to confirm this potential.

Crew Development Corporation holds a 43% interest in the South Meager Geothermal Project, with the remaining interest held by Guy F. Atkinson Holdings, who also act as operator. Significant funds (in excess of $50 million) have been spent to date on the project, and Crew believes in the ongoing potential of this project. However, further exploration and development programs have been deferred until such time as a more favorable market exists for independent power producers in British Columbia.

South Meager - The drill site for the G4 Deep Production size geothermal well

South Meager - 1995 drilling program

RESULTS OF OPERATIONS

"Total assets increased from $2.6 million to $34.0 million"

Management reviews operations

The Company is actively involved in the mining of gold, coal and base metals by virtue of its acquisition, effective March 1, 1997, of a 50% joint control in Metorex, a South African company owning significant interests in, and acting as operator of, various mining companies in southern Africa. During the year, the Company also acquired interests in Chibuluma Mines Plc, a private Zambian company mining copper and cobalt, and Consolidated Murchison Limited, a publicly traded South African Company mining antimony and gold.

The acquisition of a 50% interest in Metorex was made by way of investing cash of R50,000,000 ($15,515,000), of which some $11,000,000 was a direct injection of cash into Metorex's treasury. Financial details of the acquisition are set out in note 3 to the consolidated financial statements. This investment is accounted for on a proportionate consolidation basis.

Effective October 1, 1997, Crew acquired a 29.75% direct interest in Chibuluma Mines Plc for cash consideration of approximately $10,000,000. In addition, a 10.09% indirect interest was acquired by way of Metorex, giving Crew an approximate 40% (direct and indirect) interest at a cost of $12,400,000. This investment is accounted for using the equity method.

Effective July 1, 1997, Metorex acquired a 25% interest and Crew acquired a 3% interest in Consolidated Murchison Limited. By year end, Metorex had increased their interest in Consolidated Murchison to 34%, giving Crew a total direct and indirect interest of approximately 20%. This investment is accounted for using the equity method, with a total (direct and indirect) cost of approximately $1,000,000.

During the year, the Company acquired long-term investments in publicly traded companies in the amount of $4,400,000 and sold investments in the amount of $2,300,000, resulting in a gain on sale of $179,000. At June 30, 1998, the Company held shares in publicly traded companies with a cost of $3,400,000 (quoted value $2,900,000). Of the cost at June 30, 1998, $2,600,000 was for shares in a company having certain Directors in common.

As at June 30, 1998, the Company had cash, on a consolidated basis, of $2,147,972 and working capital of $1,116,545. During the 16 months ended June 30, 1998, the Company raised $26,828,556 (net of expenses) through the sale of 13,000,000 Units and $477,750 through the exercise of 349,000 stock options. As at June 30, 1998, the Company had 6,500,000 warrants outstanding, 4,000,000 exercisable at $2.75 per share, which expired in September 1998, and 2,500,000 exercisable at $2.50 per share, which expire on April 11, 1999.

Total assets increased significantly during the period, from $2.6 million at February 28, 1997 to $34.0 million at June 30, 1998.

During the 16 months ended June 30, 1998, the Company incurred a net loss of $992,662 (6 months ended February 28, 1997 – loss of $4,274,037) on consolidated sales of $12,336,880 (1997 - $nil).

"Operating costs at Consolidated Murchison reduced by 22%"

Consolidated Murchison

An analysis of the net loss, as compared with 1997 follows:

	June 30, 1998 (16 months) $'000's	February 28, 1997 (6 months) $'000's
Head Office		
Gain on sale of long term investments	$179	-
Interest and other income	183	30
Expenses	(1,872)	(392)
	(1,510)	(362)
Southern African operations, after tax and minority interest	(69)	-
Foreign exchange gain	586	-
Write down of investment in geothermal project	-	(3,912)
Net loss for fiscal period	$(993)	$(4,274)

Head office expenses increased significantly from $392,000 in 1997 (6 months) to $1,872,000 in 1998 (16 months). On an annualized basis, the increase was from $784,000 to $1,404,000. These cost increases were general in nature, as a result of the significantly increased activities of the Company. In particular, on an annualized basis, employee remuneration increased from $262,000 to $331,000; travel increased from $102,000 to $223,000 and activities relating to fundraising and investor awareness increased from $14,000 to 230,000.

The southern African operations, after tax and minority interest, were largely break-even for the period (loss of $69,000). However, the operations acquired as part of the March 1, 1997 Metorex acquisition contributed a net profit of $1,618,000, and this was offset by Crew's direct and indirect share of losses for the period from Chibuluma, which contributed a net loss of $1,604,000, and Consolidated Murchison, which contributed a net loss of $83,000.

The Chibuluma loss was a result of 2 factors. Firstly, the price of copper suffered a decline during the year. In addition to that, at the time of acquisition there was a significant development backlog at the mine. The backlog has now been overcome, operating costs have been rationalized and as a result profitability of the mine has been restored, despite the depressed copper price.

Operating costs at Consolidated Murchison have been significantly reduced since acquisition, by some 22%. As a result, notwithstanding that antimony prices are presently near a 40 year low, the mine is now operating at a slight profitability. At such time as antimony prices increase to more realistic levels, this investment promises to be very profitable.

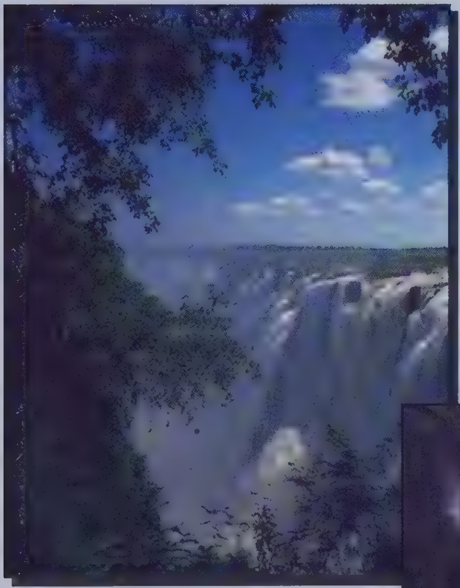
During the year, the Company recorded unrealized foreign exchange gains of $586,000, resulting from translation of US Dollar denominated loans to Chibuluma and of the investment in Metorex.

The Company does not use derivative instruments in order to reduce its exposure to foreign exchange fluctuations. Each of the operations derives revenues either in, or predicated on, US Dollars, while most expenses are incurred in local currency.

"Each of the operations annually assess the rehabilitation liability"

ENVIRONMENTAL MATTERS

All of the mining operations are required to submit an environmental plan to the government agencies, detailing the company's plans and commitment to the environmental regulations. In addition, each of the operations annually assess the rehabilitation liability and contribute to a trust fund specifically administered to meet these rehabilitation requirements. While it is considered that adequate provision has been made for rehabilitation liabilities in connection with the mining activities of the companies, there is a risk that this may prove not to be the case.



UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. Management is addressing this and anticipates having resolved all material issues by June 30, 1999. Management does not believe that the costs involved will be significant. However, given the nature of this risk, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

AUDITORS' REPORT

To the Shareholders of
Crew Development Corporation

We have audited the consolidated balance sheets of Crew Development Corporation as at June 30, 1998, February 28, 1997 and August 31, 1996 and the consolidated statements of income and deficit and cash flows for each of the fiscal periods ended June 30, 1998, February 28, 1997, August 31, 1996 and cumulative from inception to June 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 1998, February 28, 1997 and August 31, 1996 and the results of its operations and its cash flows for each of the fiscal periods ended June 30, 1998, February 28, 1997, August 31, 1996 and cumulative from inception to June 30, 1998 in accordance with accounting principles generally accepted in Canada. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding fiscal period.

CHARTERED ACCOUNTANTS
Richmond B.C., Canada

September 4, 1998

CONSOLIDATED BALANCE SHEETS

(expressed in Canadian dollars)

		June 30, 1998	February 28, 1997	August 31, 1996
Assets				
Current assets				
Cash		$ 2,147,972	$ 1,425,811	$ 1,983,062
Accounts receivable		1,633,156	24,400	7,347
Inventories		184,002	-	-
Prepaid expenses		52,578	-	-
Due to affiliated companies		-	666	-
		4,017,708	1,450,877	1,990,409
Security deposit, at cost		64,500	64,500	64,500
Investment in Geothermal Project	(Note 4)	1	1	3,912,304
Deferred projects costs		6,087	18,439	-
Long-term investments	(Note 5)	3,442,644	999,995	-
Investment in associated companies	(Note 6)	19,922,386	-	-
Capital assets	(Note 7)	5,302,606	62,235	56,623
Goodwill, net of amortization	(Note 8)	1,277,401	-	-
		$ 34,033,333	$ 2,596,047	$ 6,023,836
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$ 15,310	$ -	$ -
Accounts payable and accrued liabilities		1,144,345	63,698	74,481
Income taxes payable		550,781	-	-
Due to affiliated companies		757,900	166,519	8,113
Long-term debt due with one year	(Note 9)	432,827	-	-
		2,901,163	230,217	82,594
Long-term debt	(Note 9)	443,905	-	-
Non-controlling interest		2,008,791	-	-
Shareholders' equity				
Share capital	(Note 10)	45,242,209	17,935,903	17,237,278
Deficit		(16,562,735)	(15,570,073)	(11,296,036)
		28,679,474	2,365,830	5,941,242
		$ 34,033,333	$ 2,596,047	$ 6,023,836

Contingent liability (Note 18)

On behalf of the Board:

Director — Gerald D. Wright

Director — Peter D. Barnes

CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

(expressed in Canadian dollars)

	Cumulative from inception to June 30, 1998	**16 months ended June 30, 1998**	6 months ended February 28, 1997	Year ended August 31, 1996
Mineral sales	$ 12,336,880	**$ 12,336,880**	$ -	$ -
Cost of Mineral sales	9,591,682	**9,591,682**	-	-
Gross profit	2,745,198	**2,745,198**	-	-
Management fees	1,218,087	**1,218,087**	-	-
Equity in loss of associated companies	(1,291,374)	**(1,291,374)**	-	-
Gain on sale of investments	353,613	**353,613**	-	-
Interest and other income	1,935,683	**1,382,072**	30,748	193,797
	4,961,207	**4,407,596**	30,748	193,797
Expenses				
Administration, office and general	8,342,950	**3,324,869**	276,902	418,542
Amortization and depletion	1,828,965	**973,068**	7,504	10,487
Interest expense	193,811	**193,811**	-	-
Professional fees	2,281,734	**518,722**	108,076	141,581
	12,647,460	**5,010,470**	392,482	570,610
Loss before the undernoted	(7,686,253)	**(602,874)**	(361,734)	(376,813)
Foreign exchange gain	585,867	**585,867**	-	-
Write-down of investment in Geothermal Project net of gain on disposition of portion of interest	(2,427,312)	**-**	(3,912,303)	-
Other items (Note 11)	(6,059,382)	**-**	-	(41,631)
Provision for income taxes	663,220	**663,220**	-	-
Loss before non-controlling interest	(16,250,300)	**(680,227)**	(4,274,037)	(418,444)
Non-controlling interest	312,435	**312,435**	-	-
Net loss for the fiscal period	(16,562,735)	**(992,662)**	(4,274,037)	(418,444)
Deficit, beginning of fiscal period	-	**(15,570,073)**	(11,296,036)	(10,877,592)
Deficit, end of fiscal period	$ (16,562,735)	**$ (16,562,735)**	$ (15,570,073)	$ (11,296,036)
Loss per share		**$ (0.04)**	$ (0.35)	$ (0.04)
Weighted average number of shares		**23,444,319**	12,128,923	11,270,361

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in Canadian dollars)

	Cumulative from inception to June 30, 1998	**16 months ended June 30, 1998**	6 months ended February 28, 1997	Year ended August 31, 1996
Operating activities				
Net loss for the fiscal period	$ (16,562,735)	**$ (992,662)**	$ (4,274,037)	$ (418,444)
Add items not affecting cash:				
- Amortization and depletion	1,828,965	**973,068**	7,504	10,487
- Write-down of investment in Geo-thermal Project, net of gain on disposition of portion of interest	2,427,312	-	3,912,303	-
- Loss on disposition and write-down of oil and gas properties	4,737,542	-	-	22,991
- Loss on disposition and write-down of capital assets	770,423	-	-	18,640
- Write-down and abandonment of mineral properties	430,099	-	-	-
- Write-down of investments	9,335	-	-	-
- Equity in loss of associated companies	1,291,374	**1,291,374**	-	-
- (Gain) on sale of investments	(353,613)	**(353,613)**	-	-
- Non-controlling interest	312,435	**312,435**	-	-
	(5,108,863)	**1,230,602**	(354,230)	(366,326)
Net change in non-cash working capital (Note 13)	675,591	**470,440**	129,904	(6,232)
Cash provided (required) by operations	(4,433,272)	**1,701,042**	(224,326)	(372,558)
Financing activities				
Issuance of common shares	45,242,209	**27,306,306**	698,625	1,446,900
Repayment of long-term debt	(670,302)	**(670,302)**	-	-
Repayment of non-controlling interest loan	(158,418)	**(158,418)**	-	-
	44,413,489	**26,477,586**	698,625	1,446,900
Investing activities				
Expenditures on Geothermal Project	(3,677,451)	-	-	(795,082)
Acquisition of long-term investments	(5,451,721)	**(4,429,832)**	(999,995)	-
Proceeds on disposition of investments	2,353,355	**2,340,796**	-	-
Acquisition of 50% interest in Metorex	(9,951,050)	**(9,951,050)**	-	-
Investment in associated companies	(14,684,891)	**(14,684,891)**	-	-
Expenditures on mineral properties	(454,625)	**(6,087)**	(18,439)	-
Acquisition of capital assets	(2,799,641)	**(740,713)**	(13,116)	(44,285)
Other items (Note 12)	(3,181,531)	-	-	-
	(37,847,555)	**(27,471,777)**	(1,031,550)	(839,367)
Net cash inflow (outflow)	2,132,662	**706,851**	(557,251)	234,975
Cash, beginning of fiscal period	-	**1,425,811**	1,983,062	1,748,087
Cash, end of fiscal period	$ 2,132,662	**$ 2,132,662**	$ 1,425,811	$ 1,983,062
Represented by:				
Cash	$ 2,147,972	**$ 2,147,972**	$ 1,425,811	$ 1,983,062
Bank indebtedness	(15,310)	**(15,310)**	-	-
	$ 2,132,662	**$ 2,132,662**	$ 1,425,811	$ 1,983,062

Note 1. Nature of Operations

Crew Development Corporation was incorporated in 1980 under the Company Act of British Columbia. The Company's shares are traded on the Toronto, Vancouver, Pacific, Frankfurt and Stuttgart Stock Exchanges.

The Company is actively involved in the mining of gold, coal and base metals by virtue of its acquisition, effective March 1, 1997, of a 50% joint control in Metorex (Proprietary) Limited ("Metorex"), a South African company owning significant interests in, and acting as operator of, various mining companies in southern Africa (see also Note 3). During the current fiscal period the Company also acquired additional direct and indirect equity interests in southern African mining companies resulting in the following interests held at June 30, 1998:

Associated company	Country of registration	Direct Interest (%)	Total Direct and Indirect Interest (%)
Consolidated Murchison Limited	South Africa public	3.30%	20.47%
Chibuluma Mines Plc	Zambia private	29.75%	39.84%

Metorex has been appointed operator of these companies.

The Company also owns a 43% interest in Pacific Geopower Joint Venture (the "Geothermal Project"). An exploratory well was drilled and certain testing was performed in October 1995 without determining whether the property contains an economically recoverable source of energy. Since that time further exploration and development programs have been deferred awaiting a more favourable market climate for independent power producers in British Columbia.

The Company operates internationally, giving rise to significant exposure to market risk from changes in foreign exchange rates. The Company does not use derivative instruments in order to reduce its exposure to risk.

Note 2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which, in the case of the Company, conform in all material respects with accounting principles generally accepted in the United States of America ("U.S. GAAP"), except as explained in Note 19. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant accounting policies used in these consolidated financial statements are as follows:

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company, subsidiary companies and other entities as follows:

Entity	Country of Registration	Ownership	
Crew Development Corp. (Mauritius) Ltd.	Mauritius	100%	
Crew Development (Kingsa) Ltd.	Mauritius	100%	
Crew Development (Chib) Ltd.	Mauritius	100%	
Metorex (Proprietary) Limited	South Africa	50%	(See below)
Meager Creek Development Corporation	Canada	100%	
Pacific Geopower Joint Venture	Canada	43%	(See Note 4)

Effective March 1, 1997, the company acquired a 50% interest in Metorex, a South African company owning shares in operating companies mining gold, coal and base metals. The Company's interest was structured to obtain joint control, and accordingly the investment has been recorded on a proportionate consolidation basis in these financial statements. Under this method the Company's pro rata share of each of the assets, liabilities, revenues and expenses of Metorex are combined on a line-by-line basis with similar items in the Company's financial statements. The proportionate share of all inter company transactions and balances have been eliminated.

Note 2. Significant Accounting Policies (con't)

The Company's 43% interest in Pacific Geopower Joint Venture (the "Geothermal Project") (Note 4) is accounted for using the proportionate consolidation basis in accordance with generally accepted accounting principles in Canada. In October, 1995, the Joint Venture completed an exploratory well and performed certain testing. Since that time, no further development activities have taken place and the Joint Venture has not determined whether the property contains an economically recoverable source of energy. Although management still believes in the long-term viability of the project, further exploration and development programs have been deferred until a more favourable market climate for independent power producers is foreseen in British Columbia. Accordingly the carrying value of the investment in the Geothermal Project has been written-down to a nominal amount.

b) Inventories

Inventories are valued at the lower of cost or net realizable value.

c) Long-term investments

The long-term investments are recorded at cost, less provision for any permanent diminution of value.

d) Investment in associated companies

Investment in associated companies is recorded on the equity basis.

e) Capital assets

Capital assets are carried at cost less accumulated amortization and are amortized over their estimated useful lives using the bases and rates shown below;

Mining assets

- ❑ land, rights and buildings ..... straight line basis over a ten year period
- ❑ plant and equipment .... straight line basis over a ten year period
- ❑ vehicles .... straight line basis over a ten year period

Computer equipment .... diminishing balance basis at an annual rate of 30%

Office equipment, furniture and fixtures .... diminishing balance basis at an annual rate of 20%

f) Goodwill

Goodwill is being amortized on a straight line basis over a ten year period.

g) Foreign Currency Translation

Metorex is considered to be an integrated foreign operation and accordingly monetary items are translated at the exchange rate prevailing on the balance sheet date, non-monetary items are translated at historical exchange rates together with amortization of such assets, and revenue and expense items are translated at the average rate for the fiscal periods.

The related exchange gains and losses are charged to operations for the year.

Note 3. Acquisition of Metorex

Effective March 1, 1997, the Company invested 50,000,000 South African Rand ($15,515,000) to acquire a 50% interest in Metorex. The investment comprises 50% of the shares for a consideration of $12,502,616 and an injection of shareholder loans in the amount of $3,012,384.

The acquisition is shown below:

Preferred shares (50%)	$ 100,848
Common shares (50%)	12,401,768
	$ 12,502,616

In addition, under the terms of the purchase agreement, the Company advanced unsecured loans to Metorex, with no fixed terms of repayment, as follows:

Interest bearing loan, 8% per year	$ 107,930
Non-interest bearing loan	2,904,454
	$ 3,012,384

Note 3. Acquisition of Metorex (con't)

The allocation of the share purchase price to the 50% proportionate net assets at fair market value following acquisition, was as follows:

Cash	$ 5,563,950
Other current assets	1,562,035
Investments in associated companies	6,510,432
Capital assets	5,276,202
Goodwill	1,473,925
Current liabilities	(1,469,736)
Other liabilities	(1,547,034)
	17,369,774
Less:	
Non-controlling interest	1,854,774
Loans advanced on acquisition	3,012,384
	4,867,158
Acquisition price	$ 12,502,616

Note 4. Investment in Geothermal Project

During the year ended August 31, 1989 the Company acquired from Meager Creek Development Corporation ("MCDC"), an affiliated company, the rights to develop geothermal resources leased by MCDC and various other assets, for cash of $475,000. During the year ended August 31, 1990 the Company sold a 40% interest in the Geothermal Project for cash proceeds of $1,750,000. The Company subsequently repurchased this 40% interest during the year ended August 31, 1991 by the issue of 1,250,000 common shares with a deemed value of $500,000.

During the year ended August 31, 1992 the Company acquired 100% of the issued and outstanding shares of MCDC. MCDC held a licence of occupation granted by the British Columbia Ministry of Lands and Parks, giving surfaces tenure to property at the geothermal site. In addition, MCDC held a geothermal lease granted by the British Columbia Ministry of Energy, Mines and Petroleum Resources relating to the geothermal site. The licence of occupation and the geothermal lease expire December 17, 2017.

Pacific Geopower Joint Venture was formed on March 26, 1993 between Guy F. Atkinson Holdings Limited ("Atkinson") and the Company (the "Joint Venturers"). Its business purpose is the exploration and development of a geothermal resource property (the "Property") located near Meager Creek, British Columbia, and the development of commercial geothermal power generating facilities on this property. The Company's earn-in contribution was satisfied by the transfer of the geothermal lease to the Joint venture and Atkinson's earn-in contribution of $6.5 million was satisfied during 1995 by direct expenditures in the development of the project.

The Company has also agreed to place all of the issued and outstanding shares of MCDC in escrow for the benefit of the Joint Venture.

In October, 1995 the Joint Venture completed an exploratory well and performed certain testing. No further development activities have since taken place and as referred to in Note 2a above, the Company's proportionate share has been written-down to a nominal amount.

The financial statements include the following assets, liabilities, revenues and expenses of the Joint Venture, which are recorded on a calendar year basis and are included in these financial statements in the year end occurring during the Company's fiscal period as follows:

	June 30, 1998 and the sixteen months then ended	February 28, 1997 and the six months then ended	August 31, 1996 and the year then ended
Current assets	**$ 7,710**	$ 27,755	$ 61,368
Long-term assets	**64,500**	64,500	64,500
Investment in Geothermal Project	**1**	1	3,912,304
Current liabilities	**-**	(215)	(33,828)
Net equity	**$ 72,211**	$ 92,041	$ 4,004,344
Revenues	**$ -**	$ -	$ -
Administrative expenses	**19,830**	-	-
Write-down of investment in Geothermal Project	**-**	3,912,303	-
Net loss for the fiscal period	**$ 19,830**	$ 3,912,303	$ -

Note 5. Long-term Investments

The company holds shares in publicly traded companies recorded at cost, which at June 30, 1998 had a quoted value of $2,864,890 (February 28, 1997 - $950,000).

Of the cost at June 30, 1998, $2,628,127 (February 28, 1997 - $999,995) was for shares in companies having certain directors in common.

Note 6. Investment in Associated Companies

The investment in associated companies comprises:

Associated company	Country of registration	Direct Interest (%)	Total Direct and Indirect Interest (%)
Consolidated Murchison Limited	South Africa public	3.30%	20.47%
Chibuluma Mines Plc	Zambia private	29.75%	39.84%
Maranda Mines Ltd.	South Africa public	-	14.56%
Side Minerals (Proprietary) Ltd.	South Africa private	-	20.00%

	June 30, 1998	February 28, 1997	August 31, 1996
Shares, at cost	**$ 7,348,636**	$ -	$ -
Advances	**13,865,125**	-	-
Equity in losses to end of period	**(1,291,374)**	-	-
Balance at end of fiscal period	**$19,922,386**	$ -	$ -

Note 7. Capital Assets

Capital assets comprise:

June 30, 1998	Cost	Accumulated Amortization	**Net Book Value**
Mining assets			
- land, rights and buildings	$ 969,028	$ 121,804	**$ 847,224**
- plant and equipment	4,907,846	616,904	**4,290,942**
- vehicles	125,529	15,779	**109,750**
Computer equipment	43,896	25,219	**18,677**
Office equipment, furniture and fixtures	92,933	56,920	**36,013**
	$ 6,139,232	$ 836,626	**$ 5,302,606**

February 28, 1997	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 38,278	$ 14,641	$ 23,637
Office equipment, furniture and fixtures	84,039	45,441	38,598
	$ 122,317	$ 60,082	$ 62,235

August 31, 1996	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 31,314	$ 11,085	$ 20,229
Office equipment, furniture and fixtures	77,887	41,493	36,394
	$ 109,201	$ 52,578	$ 56,623

Note 8. Goodwill

Goodwill, representing the proportionate share of goodwill acquired on the acquisition of Metorex, and the excess of cost of investment over net assets acquired, comprises:

	June 30, 1998	February 28, 1997	August 31, 1996
Goodwill acquired	$ 192,977	-	-
Excess of cost of investment over net assets acquired	1,280,948	-	-
	1,473,925	-	-
Less: accumulated amortization	196,524		
	$ 1,277,401	-	-

Note 9. Long Term Debt

Long term debt, all of which arises on proportionate consolidation and is payable in South Africa, comprises:

	June 30, 1998	February 28, 1997	August 31, 1996
United Bank	$ 24,612	$ -	$ -
- bearing interest at the bank's prime lending rate, unsecured and maturing September 30, 1999.			
Other loans and notes payable	852,120	-	-
- bearing interest at rates from 16.5% to 23.5%, secured by certain mining assets, and repayable in varying monthly amounts.			
	876,732	-	-
Less: amount due within one year	432,827	-	-
	$ 443,905	$ -	$ -

Principal repayments on the long-term debt due in each of the next three years is as follows:

1999	$ 432,827
2000	341,780
2001	102,125
	$ 876,732

Note 10. Share Capital

a) The Company's authorized share capital consists of 100,000,000 common shares without par value (increased during the current fiscal period from 49,700,000). Details of the share capital transactions from inception of March 30, 1980 to June 30, 1998 are as follows:

	Number of shares	Amount
Issued on incorporation	1	$ 1
Issued for cash	550,000	202,500
Issued for mineral property	750,000	7,500
Balance, August 31, 1981	1,300,001	210,001
Issued for cash	175,000	35,000
Balance, August 31, 1982	1,475,001	245,001
Issued for cash on public offering	400,000	120,000
Balance, August 31, 1983	1,875,001	365,001
Issued for cash on exercise of warrants	290,600	130,770
Balance, August 31, 1984	2,165,601	495,771
Issued for cash on private placement	191,560	57,520
Issued for cash to directors on private placement	168,450	50,535
Issued in settlement of debt	56,600	20,536
Issued to directors in settlement of debt	90,200	32,472
Balance, August 31, 1985	2,672,411	656,834
Issued in settlement of debt	113,200	45,700
Balance, August 31, 1986 (carried forward)	2,785,611	$ 702,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Share Capital (con't).

	Number of shares	Amount
Balance, August 31, 1986 (brought forward)	2,785,611	$ 702,534
Issued for cash	3,090,000	630,900
Balance, August 31, 1987	5,875,611	1,333,434
Share consolidation (1 for 5)	(4,700,489)	-
	1,175,122	1,333,434
Issued for cash on private placement	1,270,000	2,513,500
Issued for cash on exercise of warrants	1,058,000	2,300,494
Issued for acquisition of capital assets	200,000	260,000
Balance August 31, 1988	3,703,122	$ 6,407,428
Issued for cash on private placement	400,000	860,000
Issued for cash on flow-through share agreements	440,000	1,430,000
Balance, August 31, 1989 and 1990	4,543,122	8,697,428
Issued for cash on private placement	1,000,000	580,000
Issued for cash on exercise of warrants	275,000	159,500
Issued for cash on exercise of stock options	30,000	22,500
Balance, August 31, 1991	5,848,122	9,459,428
Issued for cash on exercise of warrants	725,000	445,250
Issued for cash on exercise of stock options	198,000	85,870
Issued for cash on private placement	125,000	130,000
Issued for acquisition of subsidiary (Note 4)	1,250,000	500,000
Balance, August 31, 1992	8,146,122	10,620,548
Issued for cash on exercise of warrants	125,000	130,000
Issued for cash on exercise of stock options	148,000	161,000
Issued for cash on private placements	500,000	1,462,500

	Number of shares	Amount
Balance, August 31, 1993	8,919,122	12,374,048
Issued for cash on exercise of stock options	415,000	179,000
Balance, August 31, 1994	9,334,122	12,553,048
Issued for cash on exercise of stock options	251,500	237,330
Issued for cash on private placement	1,000,000	3,000,000
Balance, August 31, 1995	10,585,622	15,790,378
Issued for cash on exercise of stock options	10,000	6,900
Issued for cash on private placement	1,500,000	1,440,000
Balance, August 31, 1996	12,095,622	17,237,278
Issued for cash on exercise of stock options	517,500	698,625
Balance, February 28, 1997	12,613,122	17,935,903
Issued for cash on exercise of stock options	349,000	477,750
Issued for cash on private placements	13,000,000	26,828,556
Balance June 30, 1998	25,962,122	$45,242,209

b) During the fiscal year ended June 30, 1998 the Company completed a brokered private placement comprising 8,000,000 units to net the company $17,283,843 after commissions and related expenses of $846,157, including an amount of $580,000 paid to a company controlled by a director of the Company.

Each unit entitled the holder to receive one common share without additional cost and one-half of a non-transferable share purchase warrant exercisable until September 18, 1998 on the terms as shown:

i) To a company controlled by directors of the Company

ii) To others

Note 10. Share Capital (con't)

	Number of units	Price per unit	Number of shares	Price per share under warrants	Number of shares reserved for warrants
i)	1,000,000	$2.38	1,000,000	$2.75	500,000
ii)	7,000,000	$2.25	7,000,000	$2.75	3,500,000

The warrants expired without exercise subsequent to the end of the current period.

During the fiscal year ended June 30, 1998 the Company completed an additional brokered private placement comprising 5,000,000 units to net the Company $9,544,713 after commissions and related expenses of $455,287, including an amount of $420,000 paid to a company controlled by a director of the Company.

Each unit entitled the holder to receive one common share without additional cost and one-half of a non-transferable share purchase warrant exercisable until April 11, 1999 on the terms as shown:

Number of units	Price per unit	Number of shares warrants	Price per share under for warrants	Number of shares reserved
5,000,000	$2.00	5,000,000	$2.50	2,500,000

These warrants are outstanding at June 30, 1998.

During the year ended August 31, 1996 the Company issued 1,500,000 units pursuant to a private placement with two directors at $0.96 per unit for cash proceeds of $1,440,000. Each unit comprised one common share and one share purchase warrant entitling the holder to purchase an additional share at a price of $1.20 per share until March 19, 1998. These warrants were cancelled during the current period prior to expiry and without any of the warrants being exercised.

c) Stock options

From time to time, the Company grants incentive stock options to officers, directors, employees and consultants to purchase common shares of the Company at market related prices.

Options to purchase 1,735,000 shares were outstanding as at June 30, 1998 as follows:

Number of shares	Expiry date	Exercise price
100,000	March 31, 1999	$ 1.70
40,000	January 30, 2000	3.00
130,000	December 14, 2000	1.35
25,000	May 29, 2001	3.00
100,000	October 11, 2001	2.25
1,220,000	March 17, 2002	2.70
120,000	March 4, 2003	2.70
1,735,000		

Information regarding the Company's stock options for each of the three fiscal periods ended June 30, 1998, February 28, 1997 and August 31, 1996 is summarized as follows:

	Number of shares	Exercise price
Outstanding on August 31, 1995	727,500	$ 0.69-3.40
Granted	575,000	1.35-3.00
Exercised	(10,000)	0.69
Cancelled	(90,000)	1.95-3.00
Outstanding on August 31, 1996	1,202,500	1.35-3.00
Granted	100,000	2.25
Exercised	(517,500)	1.35
Outstanding on February 28, 1997	785,000	1.35-3.00
Granted	1,390,000	2.70
Exercised	(349,000)	1.35-1.95
Cancelled	(91,000)	1.35-2.70
	1,735,000	$ 1.35-3.00

Note 11. Consolidated Statements of Income and Deficit

The items shown under the caption "Other items" in the consolidated statements of income and deficit comprise:

	Cumulative from inception to June 30, 1998	**16 months ended June 30, 1998**	6 months ended Feb 28, 1997	Year ended Aug 31, 1996
Loss on disposition and write-down of oil and gas properties	$ (4,737,542)	**$ -**	$ -	$(22,991)
Loss on disposition and write-down of capital assets	(770,423)	**-**	-	(18,640)
Write-down and abandonment of mineral properties	(430,099)	**-**	-	-
Legal settlement	(111,983)	**-**	-	-
Write-down of investments	(9,335)	**-**	-	-
	$(6,059,382)	**$ -**	$ -	$(41,631)

Note 12. Consolidated Statements of Cash Flows

The items shown under the caption "Other items" in the consolidated statements of cash flows comprise:

	Cumulative from inception to June 30, 1998	**16 months ended June 30, 1998**	6 months ended Feb 28, 1997	Year ended Aug 31, 1996
Security deposit	$(64,500)	**$ -**	$ -	$ -
Proceeds on disposition of portion of interest in Geothermal Project	1,750,000	**-**	-	-
Acquisition of subsidiary net of cash acquired	(499,860)	**-**	-	-
Net expenditures on oil and gas properties	(4,742,423)	**-**	-	-
Proceeds on disposition of capital assets	375,252	**-**	-	-
	$(3,181,531)	**$ -**	$ -	$ -

Note 13. Net Change in Non-Cash Operating Working Capital

	16 months ended June 30, 1998	6 months ended Feb. 28, 1997	Year ended Aug. 31, 1996
Accounts receivable	**$(1,608,756)**	$ (17,053)	$ 9,400
Inventories	**(184,002)**	-	-
Prepaid expenses	**(52,578)**	-	3,266
Due from affiliated companies	**666**	(666)	-
Accounts payable and accrued liabilities	**1,080,647**	(10,783)	(27,011)
Income taxes payable	**550,781**	-	-
Due to affiliated companies	**591,381**	158,406	8,113
Working capital acquired on acquisition of proportionate interest in Metorex	**92,301**	-	-
	$ 470,440	$ 129,904	$ (6,232)

Note 14. Income Taxes

The Company has non-capital losses carried forward for Canadian income tax purposes of approximately $4,300,000, which expire beginning in 1999 through to 2005. The potential for future tax benefits relating to the loss carry-forwards have not been recognized in these financial statements.

Additionally, the company has net capital losses in Canada of approximately $4,200,000 which may be used to offset future taxable capital gains.

Note 15. Other Related Party Transactions

Related party transactions, not disclosed elsewhere in these financial statements, comprise:

Payments made to a public company having certain directors in common with the Company. The payments, which represent reimbursements of amounts paid on behalf of the company, were as follows:

Note 15. Other Related Party Transactions (con't)

	16 months ended June 30, 1998	6 months ended Feb. 28, 1997	Year ended Aug. 31, 1996
Salaries	**$272,317**	$ 59,455	$ 72,860
Rent	**58,529**	14,205	17,939
Other administrative costs	**111,260**	31,243	55,105
	$442,106	$104,903	$145,904

The Company paid management fees and provided automobile allowances during the 16 months ended June 30, 1998 of $194,458 (6 months ended February 28, 1997 - $68,033; year ended August 31, 1996 - $129,548) to companies controlled by certain directors.

Management fees totalling $Nil were received from the Joint Venture during the 16 months ended June 30, 1998 (6 months ended February 28, 1997 - $NIL; year ended August 31, 1996 – $197,000).

Included in professional fees for the 16 months ended June 30, 1998 were consulting fees paid to directors of the Company totalling $151,917 (6 months ended February 28, 1997 - $52,254; year ended August 31, 1996 – $71,333).

Note 16. Changes of Year End

The company initially had a year end of August 31. In 1997 the company changed its year end to February 28, and following the acquisition of Metorex effective March 1, 1997, the company has changed its year end during 1998 to June 30 , in order to conform with the year end of the jointly controlled company.

Accordingly these financial statements are presented as at June 30, 1998 and for the sixteen month period then ended, and the comparative figures are presented as at February 28, 1997 and August 31, 1996 and for the respective six month period and year then ended.

Note 17. Segmented Information

The Company's active operations are conducted primarily through Metorex and other affiliated companies in southern Africa, except for the Geothermal Joint Venture, certain administrative and other costs relating to the maintenance of its head office in Canada as shown below:

	16 months ended June 30, 1998	6 months ended Feb. 28, 1997	Year ended Aug. 31, 1996
Revenues			
Canada	**$362,105**	$30,748	$193,797
Southern Africa	**14,261,425**	-	-
	$14,623,530	$30,748	$193,797
Identifiable assets			
Canada	**$3,625,934**	$2,596,047	$6,023,836
Southern Africa	**30,407,399**	-	-
	$34,033,333	$2,596,047	$6,023,836

These financial statements include the following assets, liabilities, revenues, expenses and cash flows of Metorex which have been recorded on a proportionate consolidation basis:

	16 months ended June 30, 1998	6 months ended Feb. 28, 1997	Year ended Aug. 31, 1996
Current assets	**$3,806,963**	$ -	$ -
Investment in associated companies	**10,911,530**	-	-
Capital assets	**5,247,916**	-	-
Current liabilities	**(2,040,653)**	-	-
Long- term liabilities	**(443,905)**	-	-
Revenues	**14,858,046**	-	-
Expenses	**(13,407,952)**	-	-
Non-controlling interest	**(312,435)**	-	-
Cash flows from operating activities	**2,241,826**	-	-
Cash flows from investing activities	**(5,753,969)**	-	-

Note 18. Contingent Liability

The Company is contingently liable under the terms of a guarantee to Standard Bank of South Africa Limited for the indebtedness of Chibuluma Mines Plc for the forward sale of copper, subject to a maximum of U.S. $262,500 (Cad.$385,000), Metorex's liability being a maximum of U.S. $112,500 (Cad. $165,000).

Note 19. Reconciliation to U.S. Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), which, in the case of the Company, differ in some respects from U.S. GAAP as set forth below:

a) Investment in Metorex

As indicated in Note 2, the investment has been structured to obtain joint control, and accordingly under Canadian GAAP the accounts are proportionately consolidated.

U.S. GAAP requires that significant but less than controlling interest in an investment be accounted for using the equity method.

Under rules promulgated by the Securities and Exchange Commission, a foreign registrant may, subject to the provision of additional information continue to follow proportional consolidation for its filings, notwithstanding the departure from U.S. GAAP. Consequently the balance sheets have not been adjusted to restate the accounting under U.S. GAAP and additional information concerning the Company's investment in Metorex is presented in Note 17.

b) Financial position

Under U.S. GAAP, the acquisition of a subsidiary from a related party would be recorded at the historical carrying value of the subsidiary without recognizing any increase for the fair value of the consideration given up. Accordingly, the Company's write-down of its proportionate interest in the Geothermal Project, deficit as at June 30, 1998 and February 28, 1997 and investment in the Geothermal Project as at August 31, 1996 and its share capital as at June 30, 1998, February 28, 1997 and August 31, 1996 would have been reduced by $499,999.

Net effect = NIL

c) Loss per share

Under U.S. GAAP, the loss per share is calculated using the weighted average number of shares and their equivalents outstanding during each year using the "treasury stock method" for stock options and warrants outstanding. The effect of applying the "treasury stock method" under U.S. GAAP is not significantly different from the loss per share under Canadian GAAP.

d) Statements of cash flows

Under U.S. GAAP, the statements of cash flows reflect only cash transactions affecting financing and investing activities, whereas Canadian GAAP requires that non-cash activities be included in the statements. Under U.S. GAAP certain non-cash transactions would have been excluded from the statements of cash flows as follows:

	Cumulative from inception to June 30, 1998	**16 months ended June 30, 1998**	6 months ended Feb 28, 1997	Year ended Aug 31, 1996
Increase (decrease) in cash				
Operating activities				
Net change in non-cash operating working capital	$98,708	**$ -**	$ -	$ -
Investing activities				
Expenditures on mineral properties	7,500	-	-	-
Purchase of capital assets	260,000	-	-	-
Acquisition of subsidiary, net of cash acquired	499,860	-	-	-
Financing activities				
Issuance of common shares	(866,068)	-	-	-

e) Income taxes

Under U.S. GAAP, the Financial Accounting Standards Board Statement No. 109, *Accounting for Income Taxes* requires recognition of deferred tax liabilities and assets for expected future tax consequences of events that have been included in financial statements or tax returns. Although the Company has tax loss carry-forwards in various jurisdictions, due to uncertainty of realization prior to expiry, the deferred tax asset amounts would be completely offset by a valuation allowance at June 30, 1998, February 28, 1997 and August 30, 1996.

DIRECTORS

MR. JOHN M. DARCH

Co-Chairman, President & Chief Executive Officer

John Darch has an extensive background in commercial banking and financial management in both the United Kingdom and Canada and has specialized in mining finance. He is presently a principal of the Crew Group of Companies, holding directorships in the public and private corporations which comprise the Group.

DR. GERALD D. WRIGHT

Co-Chairman

Gerald Wright, a Professional Engineer with experience in water resources and mining projects in Europe, Asia and North America. He holds a Doctorate in Engineering from Queen's University in Belfast and is presently a principal of the Crew Group of Companies, holding directorships in the public and private corporations which comprise the Group.

MR. PETER D. BARNES

Chief Financial Officer & Secretary

Peter Barnes is a Chartered Accountant with over 15 years experience. Prior to 1992, he was with an international accounting firm in both England and Canada. Mr. Barnes then spent four years in a senior financial role with a multinational public company based in Vancouver, before joining the Crew Group of Companies in 1996.

MR. ROLAND EICHLER

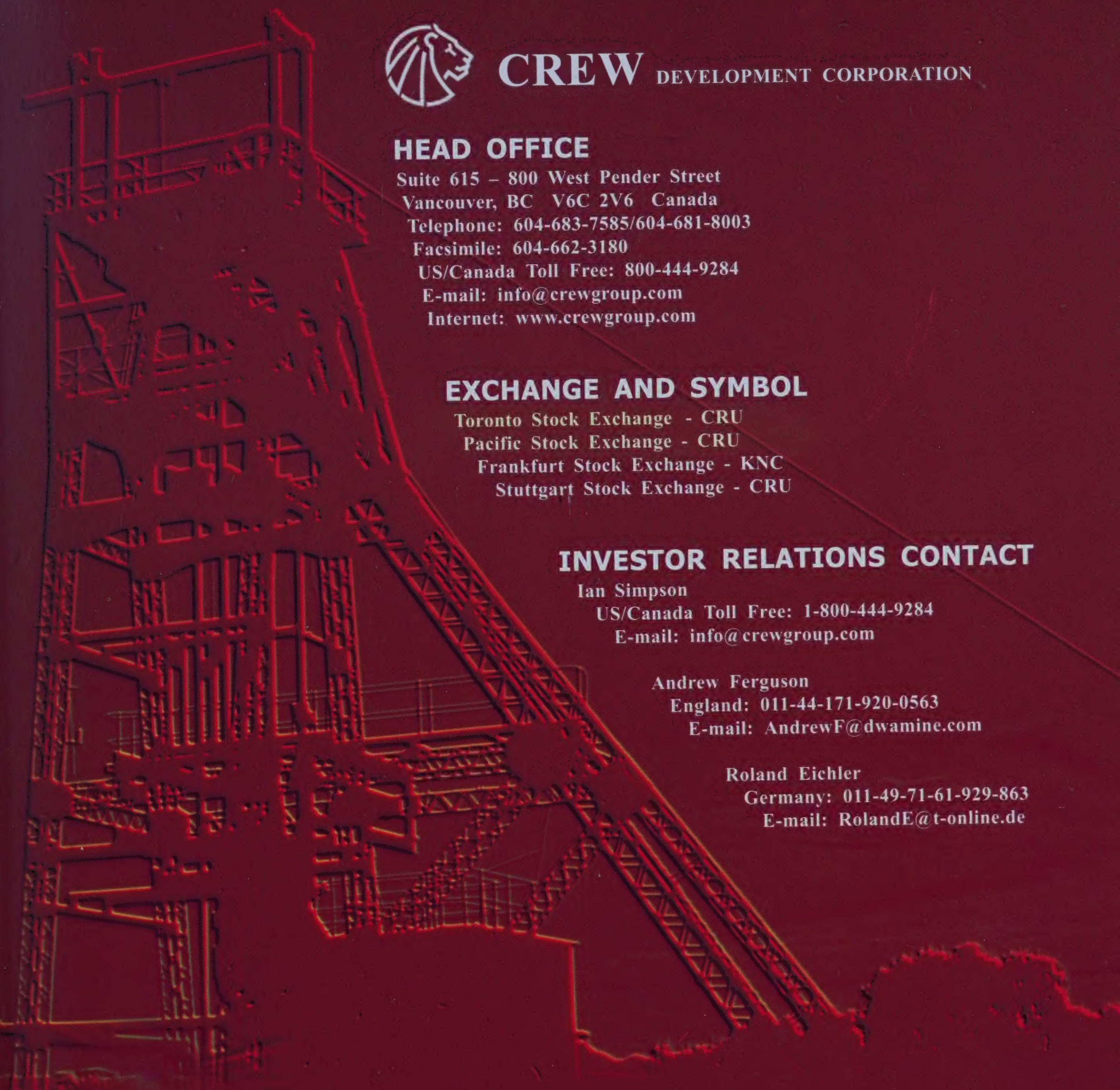
Roland Eichler started his career with the study of business management in Germany. From 1978 until 1996 he worked as a portfolio manager with Martinsbank Göppingen, Germany. In July, 1996 he founded his own consulting company, Roland Eichler Finanzmarketing & Unternehmenskommunikation.

MR. WAYNE H. FALLIS

Wayne Fallis has considerable experience in international shipping and trading. He is currently President and CEO of Global Marine (Canada) Inc., an international shipping and trade company active in Europe and the Pacific Rim. He is also a member of the boards of private and public companies involved in the mining and fishing industries.

MR. DAVID WILLIAMSON

David Williamson is a Mining Engineer who began his career in Sierra Leone and Malaysia. He has managed two of the world's largest tin mines and was Executive Director of the mining and metals research team at Shearson Lehman Hutton in London. He established his consulting company (David Williamson Associates) in 1989 which specializes in mining research, investor relations and fund raising for mining companies.



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The Crew Group of Companies comprises Crew Development Corporation, Asia Pacific Resources Ltd. and Botswana Diamondfields Inc.

Asia Pacific Resources Ltd. is an internationally listed resource development company currently finalizing a financing to construct a 2 million tonne per annum potash mine in northeastern Thailand, strategically located to supply the rapidly growing Asian markets.

Botswana Diamondfields Inc. is a junior diamond mining company pursuing exploration and undervalued production opportunities in southern Africa.

CREW

DEVELOPMENT CORPORATION

A Member of the Crew Group of Companies